

20210

RECORDATION NO. \_\_\_\_\_ FILED 1425

AUG 2 1996 -9 25 AM

INTERSTATE COMMERCE COMMISSION

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20210-A

RECORDATION NO. \_\_\_\_\_ FILED 1425

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INTERSTATE COMMERCE COMMISSION

July 26, 1996

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are two (2) copies of a Security Agreement, dated as of July 30, 1996, a primary document as defined in the Board's Rules for the Recordation of Documents and two (2) copies of an Assignment of Lessor's Interest in Leases, dated as of July 30, 1996, a secondary document related thereto.

The names and addresses of the parties to the enclosed documents are:

Security Agreement

Pledgor: NorRail, Inc  
308 12th Avenue South  
Buffalo, Minnesota 55313

Secured Party: The First National Bank of Maryland  
25 South Charles Street  
Baltimore, Maryland 21201

Mr. Vernon A Williams  
July 26, 1996  
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Assignment of Lessor's Interest in Leases

Assignor. NorRail, Inc.  
308 12th Avenue South  
Buffalo, Minnesota 55313

Assignee. The First National Bank of Maryland  
25 South Charles Street  
Baltimore, Maryland 21201

A description of the railroad equipment covered by the enclosed Security Agreement is: 54 MBLX railcars set forth on Exhibit A attached

A description of the Lease is Rider No. 31 to the Master Rail Car Lease dated October 24, 1995.

Also enclosed is a check in the amount of \$42 00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of each of the enclosed documents to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/bg  
Enclosures

RECORDATION NO. 20210-A

AUG 2 1996 - 9 35 AM

**ASSIGNMENT OF LESSOR'S INTEREST IN LEASES**

THIS ASSIGNMENT OF LESSOR'S INTEREST IN LEASES (this "Agreement") is made as of this 30 day of July, 1996, by NORRAIL, INC., a Minnesota corporation (the "Pledgor"), in favor of THE FIRST NATIONAL BANK OF MARYLAND, a national banking association (the "Lender"); witnesseth:

**Recitals**

The Pledgor has applied to the Lender for a loan in the principal amount of \$\_\_\_\_\_ (the "Financial Accommodations"). The Financial Accommodations are to be evidenced by, and repaid with interest in accordance with provisions of, a Promissory Note of even date herewith from the Pledgor payable to the Lender (the "Note"). Repayment of the Note is secured by, inter alia, a Security Agreement of even date herewith from the Pledgor to the Lender (the "Security Agreement"). The Pledgor is the lessor by assignment under Rider No. 31 to that certain Master Rail Car Lease and Service Contract No. L-261-84 dated October 24, 1995 (such Rider No. 31 and such Master Rail Car Lease and Service Contract as incorporated therein, the "Lease") between Transportation Equipment, Inc. ("TEI") and Mobil Oil Corporation (the "Lessee") pursuant to which TEI has leased certain railcars to the Lessee (the "Railcars"). TEI has assigned all of its right, title and interest in and to the Railcars and the Lease to the Pledgor pursuant to the Assignment Agreement of even date herewith between the Pledgor and TEI. The Lender has required, as a condition to the making of the Financial Accommodations, the execution of this Agreement by the Pledgor.

NOW, THEREFORE, in order to secure (a) the prompt payment of all past, present, and future indebtedness, liabilities, and obligations of the Pledgor to the Lender of any nature whatsoever in connection with the Financial Accommodations (collectively, the "Pledgor's Liabilities"), and (b) the performance by the Pledgor of all of the terms, conditions, and provisions of this Agreement, the Note, the Security Agreement, and of any other note, security agreement, pledge agreement, guaranty agreement, mortgage, deed of trust, loan agreement, hypothecation agreement, subordination agreement, indemnity agreement, letter of credit application, assignment, or any other document previously, simultaneously, or hereafter executed and delivered by the Pledgor and/or any other person, singly or jointly with another person or persons, evidencing, securing, guarantying, or in connection with any of the Pledgor's Liabilities (collectively, the "Loan Documents"), the Pledgor hereby pledges, assigns, and grants to the Lender a security interest in and assigns to the Lender all now existing or hereafter created leases of all or any portion of the Railcars (but only to the extent that such leases apply to one or more of the Railcars), including, without limitation, the Lease (collectively the "Leases"), together with all rents, payments with respect to casualty, royalties, issues, income, profits, revenues, other benefits, and security deposits arising from the Leases and the Railcars and all cash and non-cash proceeds thereof and the

proceeds of all insurance policies covering all or any part of such property (all of the foregoing is herein collectively referred to as the "Collateral").

A. TO PROTECT THE SECURITY OF THIS AGREEMENT, PLEDGOR COVENANTS:

1. To observe and perform all of the obligations imposed upon the lessor in the Leases and not to do or permit to be done anything to impair the security thereof; that the Leases are or will be valid and enforceable and that the lessees are not in default under any of the terms thereof; that no rents reserved in the Leases have been anticipated or assigned; not to collect any of the rents, payments with respect to casualty, income, and profits arising or accruing from the Railcars in advance of the time when the same becomes due under the terms of the Leases; not to discount any future accruing rents; not to execute any other assignment of the Leases or assignment of rents of the Railcars; and not to alter, modify, or change the terms of the Leases or surrender, cancel, or terminate the same, without the prior written consent of the Lender.

2. To assign and transfer to the Lender any and all further Leases upon all or any part of the Railcars and to execute and deliver, at the request of the Lender, all such further assurances and assignments as the Lender shall from time to time require.

B. IT IS MUTUALLY AGREED THAT:

1. All rents, payments with respect to casualty, income, and profits from the Railcars shall be paid to the account of the Pledgor maintained with the Lender (the "Collateral Account"). The Pledgor hereby assigns to and grants a security interest in the Collateral Account to the Lender. The Pledgor hereby authorizes and directs the lessees under any Leases, including the Lessee under the Lease, to pay all rents, payments with respect to casualty, income and profits from the Leases due to the Pledgor under the Leases directly to the Lender and to continue to do so until otherwise notified by the Lender.

2. The Lender shall have the right to apply any moneys in the Collateral Account to the payment of the Pledgor's Liabilities in accordance with the Note and the Security Agreement. Prior to the occurrence of an event of default under the Loan Documents, after such payment, any moneys in the Collateral Account may be disbursed to the Pledgor by the Lender at the Pledgor's direction.

3. The Lender shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty, or liability under the Leases, or under or by reason of this Agreement, and the Pledgor shall and does hereby agree to indemnify the Lender for and to hold the Lender harmless of and from any and all liability, loss, or damage which the Lender

may or might incur under the Leases or under or by reason of this Agreement, and of and from any and all claims and demands whatsoever which may be asserted against the Lender by reason of any alleged obligations or undertakings on the Lender's part to perform or discharge any of the terms, covenants, or agreements contained in the Leases. Should the Lender incur any such liability, loss, or damage under the Leases or under or by reason of this Agreement or in the defense of any such claims or demands, the amount thereof including costs, expenses, and reasonable attorneys' fees shall be secured hereby, and the Pledgor shall reimburse the Lender therefor immediately upon demand, and upon the failure of the Pledgor so to do, the Lender may declare all sums secured hereby immediately due and payable.

4. Upon the payment in full of all indebtedness secured hereby, this Agreement shall become and be void and of no effect, but the affidavit, certificate, letter, or statement of any officer, supervisor, or attorney of the Lender showing any part of said indebtedness to remain unpaid shall be and constitute conclusive evidence (except in an action between Pledgor and the Lender or its assigns) of the validity, effectiveness, and continuing force of this Agreement, and any person may and is hereby authorized to rely thereon.

5. The Lender may take or release other security; may release any party primarily or secondarily liable for any indebtedness secured hereby; may grant extensions, renewals, or indulgences with respect to such indebtedness; and may apply any other security therefor held by it to the satisfaction of such indebtedness without prejudice to any of its rights hereunder.

6. The term "Leases" as used herein means the Leases hereby assigned and any extension or renewal thereof, and any lease subsequently executed by the Pledgor covering the Railcars or any part thereof, to the extent that such subsequent lease applies to one or more of the Railcars.

7. Nothing herein contained and no act done or omitted by the Lender pursuant to the powers and rights granted to the Lender herein shall be deemed to be a waiver by the Lender of its rights and remedies under the Loan Documents, but this Agreement is made and accepted without prejudice to any of the rights and remedies possessed by the Lender under the terms thereof. The right of the Lender to collect the indebtedness and to enforce any other security therefor owned by it may be exercised by the Lender either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

8. In the event the Note is transferred by the Lender to any other person or entity, the Pledgor covenants and agrees that all the provisions herein contained shall be applied to and inure to the benefit of the holder of the Note in the same manner and to the same extent as if it was the original assignee of the Leases herein named.

[SIGNATURE PAGES APPEAR ON FOLLOWING PAGE]

WITNESS the signature and seal of the Pledgor as of the day and year first above written.

ATTEST:

NORRAIL, INC.

By: Russell S. Adams (SEAL)

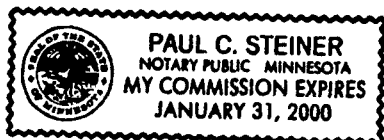
Name: Russell S. Adams

Title: Vice President Sales

STATE OF Minnesota, County Wright OF Wright, TO WIT:

I HEREBY CERTIFY, that on this 25th day of July, 1996, before me, the undersigned, a Notary Public of the State of MN, personally appeared Russell Adams, who acknowledged himself to be the                      of NorRail, Inc., a Minnesota corporation, known (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized                      of said corporation by signing the name of the corporation by himself as                     .

AS WITNESS my hand and Notarial Seal.



Paul C. Steiner  
Notary Public

(SEAL)

My Commission Expires:

B:FN164206.ASG/NorRail/Disk1/cmr

EXHIBIT A

Fifty-Four (54) covered hopper railcars bearing the following reporting marks and numbers:

MBLX 53026	MBLX 53053
MBLX 53027	MBLX 53054
MBLX 53028	MBLX 53055
MBLX 53029	MBLX 53056
MBLX 53030	MBLX 53057
MBLX 53031	MBLX 53058
MBLX 53032	MBLX 53059
MBLX 53033	MBLX 53060
MBLX 53034	MBLX 53061
MBLX 53035	MBLX 53062
MBLX 53036	MBLX 53063
MBLX 53037	MBLX 53064
MBLX 53038	MBLX 53065
MBLX 53039	MBLX 53066
MBLX 53040	MBLX 53067
MBLX 53041	MBLX 53068
MBLX 53042	MBLX 53069
MBLX 53043	MBLX 53070
MBLX 53044	MBLX 53071
MBLX 53045	MBLX 53072
MBLX 53046	MBLX 53073
MBLX 53047	MBLX 53074
MBLX 53048	MBLX 53075
MBLX 53049	MBLX 53126
MBLX 53050	MBLX 53167
MBLX 53051	MBLX 53168
MBLX 53052	MBLX 53169